

## Annex 4: Institutional issues

### EU laws and decision making

EU law takes precedence over national law. EU legislation is mainly in the form of regulations and directives.

Community Law is added to through new treaties, the issuing of Regulations, Directives and Decisions and by case law created by the European Court of Justice.

**Regulations:** have immediate direct effect on member states (eg CAP)

**Directives:** have to be assimilated into national law (usually through statutory instruments in the UK) within a set time period and they are legally binding on member states (eg Acquired Rights Directive and Working Time Directive)

**Decisions:** are like regulations but have a narrower focus and are only binding on those to whom they are addressed (eg the government or a company)

**Opinions and resolutions:** are not legally binding but can act to set the framework for future interpretation of law

**Communications:** are usually preliminary papers on new policy areas. Green and white papers are non-legislative documents - white papers propose programmes for action, green papers are often consultation documents.

The decision making process varies according to whether the proposal has to go through the consultation or co-decision procedure. The European Commission is the only body to propose legislation for the European Union. For further details on these procedures see the following chart, or contact the Local Government Information Bureau (see Annex 7).

### The structure of the European Union

The EU is constructed under 'three pillars' of co-operation. These are:

**First Pillar:** the European Community, which consists of Structural Funds, Common Agricultural Policy and the Single Market. Usually Qualified Majority Voting in the Council (comprising representatives from Member States) operates in this pillar.

**Second Pillar:** Common Foreign and Security Policy (CFSP) is based on inter-governmental co-operation and the Council acts unanimously.

**Third Pillar:** Justice and Home Affairs (JHA) is also based on inter-governmental co-operation and again the Council acts unanimously.

### Agenda 2000

Agenda 2000 proposed important changes to the Structural Funds and particularly to the Common Agricultural Policy (CAP). This is in preparation for the enlargement of the European Union as 13 countries have applied to join. Funds would not be able to operate in their current form without substantial reform because of the demands made for additional resources.

The final package agreed in March 1999 limits the increase in the EU budget to less than 1% (compared to the recent growth of the budget of around 3%). Structural Funds will be allocated a budget of €200 billion for the period 2000-2006 representing 35% of the total EU budget. Two thirds of this is to be spent in Objective 1 areas.

The CAP is moving away from price support to income support for farmers, thus having the long-term effect of making farm produce cheaper and more competitive. Reductions to the income of farmers are partly offset by the Rural Development Regulation which provides a wide range of support for farmers and encourages the use of environmentally friendly methods of production.

### The decision making process of the European Union

The graph below outlines the various procedures which can be invoked to form decisions between the key European institutions. Opinions from the two advisory bodies, the Committee of the Regions (CoR) and the Economic and Social Committee (ECOSOC) can be requested by European Parliament, or can be initiated themselves (an own opinion). Since the Amsterdam Treaty, consultation with the CoR is now required on a wide range of policy areas including employment, training and the environment.

## Annex 4a

